



## PLANNING BULLETIN

Draft PPS4: Sustainable Economic Development

Is economic development really at the top of the Government's planning agenda?

### Background

Communities and Local Government, after much delay, issued in December 2007 its long awaited draft of PPS4 "Planning for Sustainable Economic Development." The draft guidance is subject to public consultation until 17 March 2008 and then will be issued in final form in the spring/summer of 2008.

### Why the new guidance?

The new guidance is a result of the Barker Review of Land Use Planning in December 2006 that identified that planning authorities do not always give sufficient weight to economic considerations when drawing up plans and determining planning applications. This was largely due to the outdated 1992 guidance on economic development, as given in Planning Policy Guidance Note 4, which fails to take into account the impacts to UK economy as a result of globalisation and the competitive growth of knowledge based industries.

### What are the key measures?

#### 1. Positive and constructive approach in the determination of planning applications for economic development

The guidance sets out an extensive list of what economic development is – this includes offices, industry, storage and distribution, as well as other sectors of the economy that employ significant numbers - including the retail, leisure and housing sectors. The PPS states that all should be considered favourably unless the economic, social and or environmental costs outweigh the benefits.

Applications need to be assessed against relevant market and other economic information, including land supply and the benefits of the development such as job creation, improved productivity and the wider benefits to the national, regional and local economy.

All proposals need to be of high quality and inclusive design which improve the character and quality of the area and its function. In particular, all economic development needs to address climate change by being sustainable in terms of accessibility, car parking provision and energy efficiency.

#### 2. Economic development plan allocations

In drawing up their development plans, Local Planning Authorities should have flexible, criteria based policies by:

- Avoiding designating sites for single or restricted use classes wherever possible and avoid carrying forward existing allocations where this cannot be justified.

- Allocating sites for a broad range of business types – from small start up businesses to larger commercial and industrial premises.
- Separating certain types of industry from sensitive land uses where they are detrimental to amenity and a potential source of pollution and an accident hazard.
- Consider using local development orders or simplified planning zones for existing industrial estates and business parks where the proposed development or redevelopment does not need separate planning applications.

### 3. **Office and Hi Tech developments**

Preference will be given to BI(a) developments in, or at the edge of, town centres as prescribed by the sequential approach in PPS6.

However, there may be circumstances where knowledge based industries benefit from being located within close proximity to Universities or Hospitals and market demand will influence other locational requirements.

Ancillary offices do not need to be located in the town centre.

Sites for tall office buildings to be identified in development plan documents and to be justified by local circumstances, such as land availability, transport capacity and design.

### 4. **Logistics and other transport uses**

Distribution depots and transport uses related to ports, airports and inter modal freight terminals, are included in the list of economic development. Development plans and applications should take into account the benefits of co-locating these developments as they generate substantial carbon emissions and need to be located in sustainably sited locations – including the rail network and water transport.

### 5. **Economic land reviews**

Local Planning Authorities and Regional Planning Bodies need to prepare economic land reviews to:

- Assess the existing supply of land and floorspace for economic development and potential shortfalls.
- Identify future needs of regional and local economy, including identification of sectors contracting or expanding and market information and economic data.
- Have joint working relationships with neighbouring regions/authorities.
- Ensure that economic land reviews are coordinated with housing land and infrastructure reviews.

### **Commentary**

There were high expectations that this guidance would clearly spell out the overriding need of prioritising the land use needs of business to support wealth creation and the growth of the UK economy.

This was clearly Barker's intentions. However, despite the PPS rhetoric, it is our view that planning for economic development is not the Government's planning priority – rather the planning agenda is dominated by the pressing need for the delivery of 3 million new homes in England by 2020 and that all development should be carbon neutral and sustainable. This does not bode well for UK plc.

In our opinion, the planning system will still present significant obstacles to occupiers, investors and developers seeking to create new wealth and jobs in England because:

- There is still demand from occupiers seeking space within out of centre/out of town office, business and science/technology parks. These space requirements do not sit easily with the Government's "town centre first" policy as given in PPS6. There is a potential policy conflict between draft PPS4 and PPS6.
- There is an increasing burden of information that businesses need to provide in support of planning applications – from environmental assessments to design and access statements (even for minor developments) and other supporting information to ensure that the application can be validated. This results in the delay of the determination of applications for economic development.
- Increasing costs to be borne by business and industry because of the planning system. In particular paying through the community infrastructure levy, as proposed by the Planning Bill, for deficiencies in past regional investment in roads, education and health facilities - in addition to "normal" section 106 requirements required to mitigate the local impact of the development. New business premises will also have to be carbon neutral and increasingly provide a significant proportion of its energy requirements from on site renewable sources.
- Planning authorities are under pressure to deliver more housing and these sites are likely to be those hitherto reserved for business; housing land values tend to be significantly higher, and in parts of the south east of England there could be emerging a shortage of land for business needs.
- Economic development and the needs of business – as opposed to resident's needs - still remains the planning Cinderella; occupiers of major commercial and industrial developments often have no representation on planning committees. We still face a planning system which is not pro economic development because of the alleged impacts on neighbouring residents unless in an area in need of economic regeneration.
- Local Planning Authorities are ill equipped to deal with the needs of business and tend to have poor information on their local economy and understanding of business needs. Conversely, business has little understanding of the increasingly complex and time consuming planning system and often only encounters the system when issues arise requiring enforcement; the PPS offers no solution.

The danger is that if the UK planning system is not more responsive to the needs of global business then economic activity will locate elsewhere where there are lower costs of entry and a more proactive and faster land use policy approach for economic development.

## Next Steps

Representations need to be submitted to Communities and Local Government by 17 March 2008.

If you or your client wishes to have professional advice in submitting representations, please contact:

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